

CEC *Change in Employee Compensation Committee*

State Employee Benefit Overview

Keith Johnson, Director

January 5, 2007



Department of Administration

IDAHO
adm.idaho.gov

We Will Discuss:

Overview of Employee Benefits

Current Market Conditions

**Employee & Retiree Enrollment
and Claim Costs**

FY 2006 Costs vs. Trend

Review of FY 2007 Premium Plan

FY 2008 Budget Request



Overview of Employee Benefits

- Medical Plan – **State & Employee Paid**
- Dental Plan – **State & Employee Paid**
- Basic Life & Disability - **State Paid**
- Supplemental Life - **Employee Paid**
- Flex Spending Account – **Employee Paid**
- Long Term Care - **Employee Paid**



FY 2006 Premium Payments

	State	Employee	Retiree	Total
Medical	\$121,928,000	\$11,805,400	\$14,054,300	\$147,787,700
Dental	\$3,934,500	\$4,751,700		\$8,686,200
Life/Disab.	\$7,615,400			\$7,615,400
Supple Life		\$995,800		\$995,800
TOTAL	\$133,477,900	\$17,552,900	\$14,054,300	\$165,085,100



What is “Trend”?

- Utilization of Benefits by Those Covered
- Inflation in Cost of Health Care Services
- FY 2008 Budget Estimate
Assumes **11 % Trend**

-- Source: Milliman USA, Actuarial Firm



Causes of Medical Inflation

- **Increased Hospitalization Costs**
- **Increased Physician Costs**
- **New Technology**
- **New Prescription Drugs**
- **Malpractice and Legal Costs**
- **Uninsured Patients**



National Trends

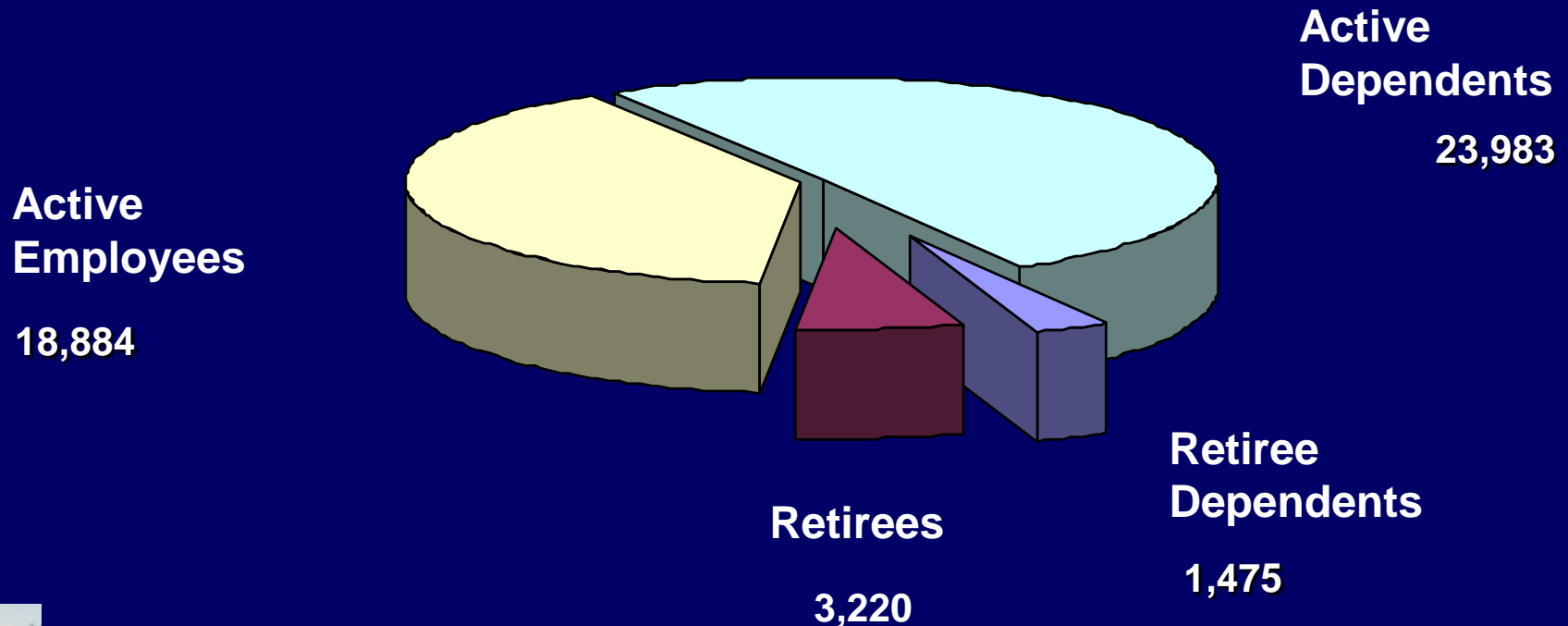
	Mercer	Segal
Traditional Indemnity	15.6%	13.3%
PPO Medical	11.5%	11.7%
Prescription Drug	12.8%	11.8%
Dental	7.0%	7.5%



Health Plan Total Enrollment

47,562 -- Employees, Retirees, Dependents

(As of November 30 2006)



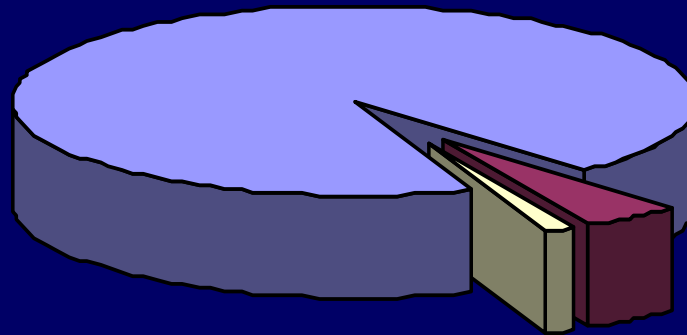
Department of Administration

IDAHO
adm.idaho.gov

FY 2006 Total Medical Plan Costs

Incurred Claims

93.75%



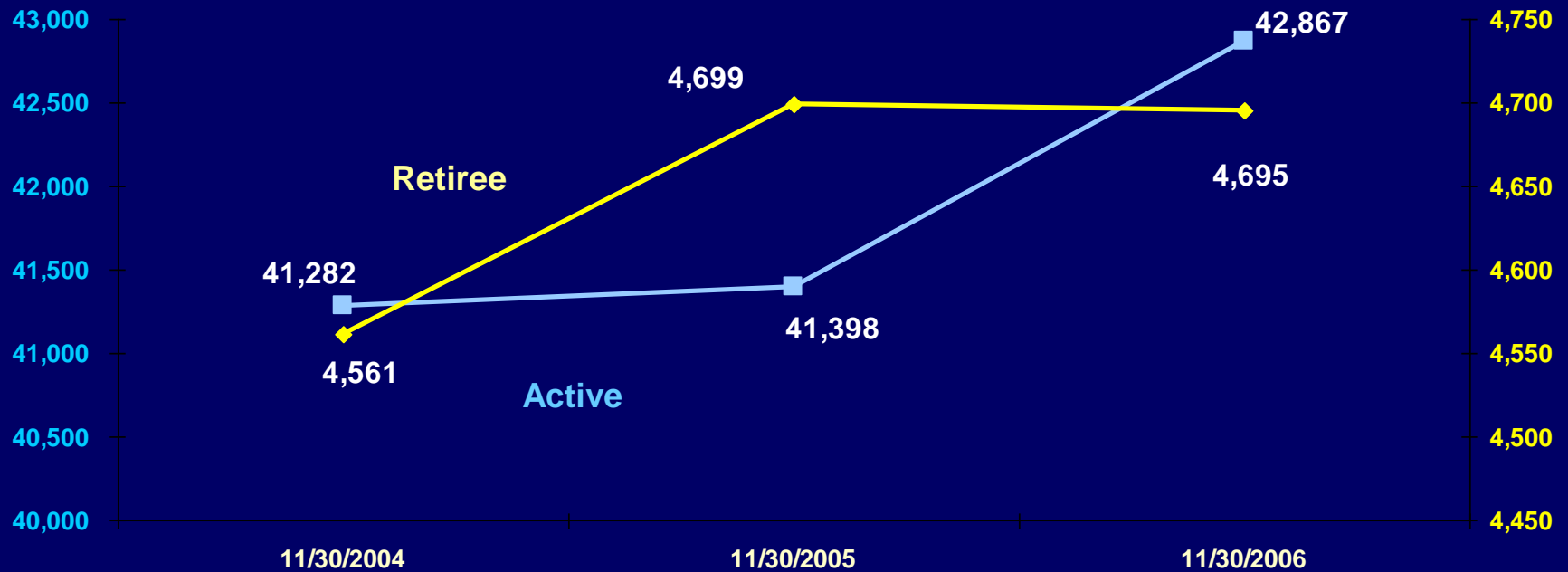
**4.75%
Retention**

**1.50%
Premium
Tax**



Department of Administration

Enrollment History

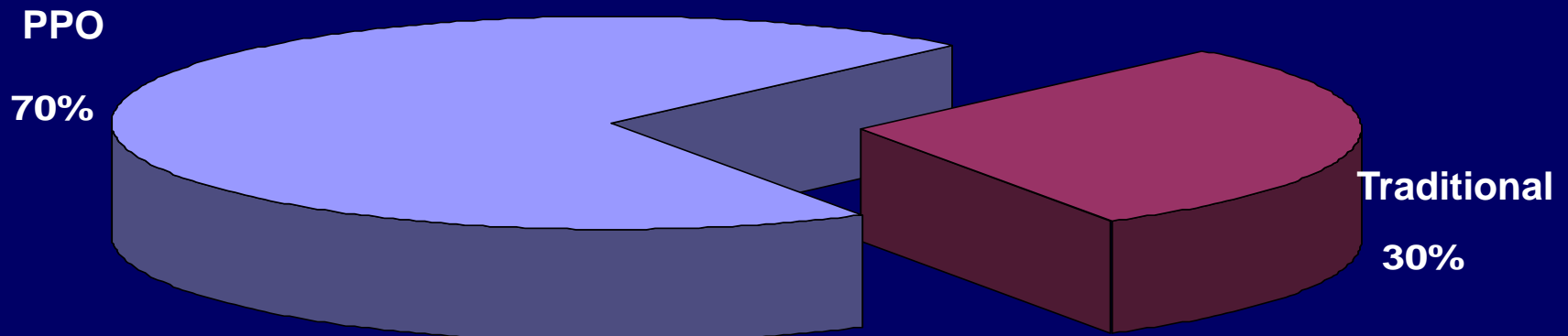


Department of Administration

FY 2007 Active Enrollment

Total Lives Covered: 42,867

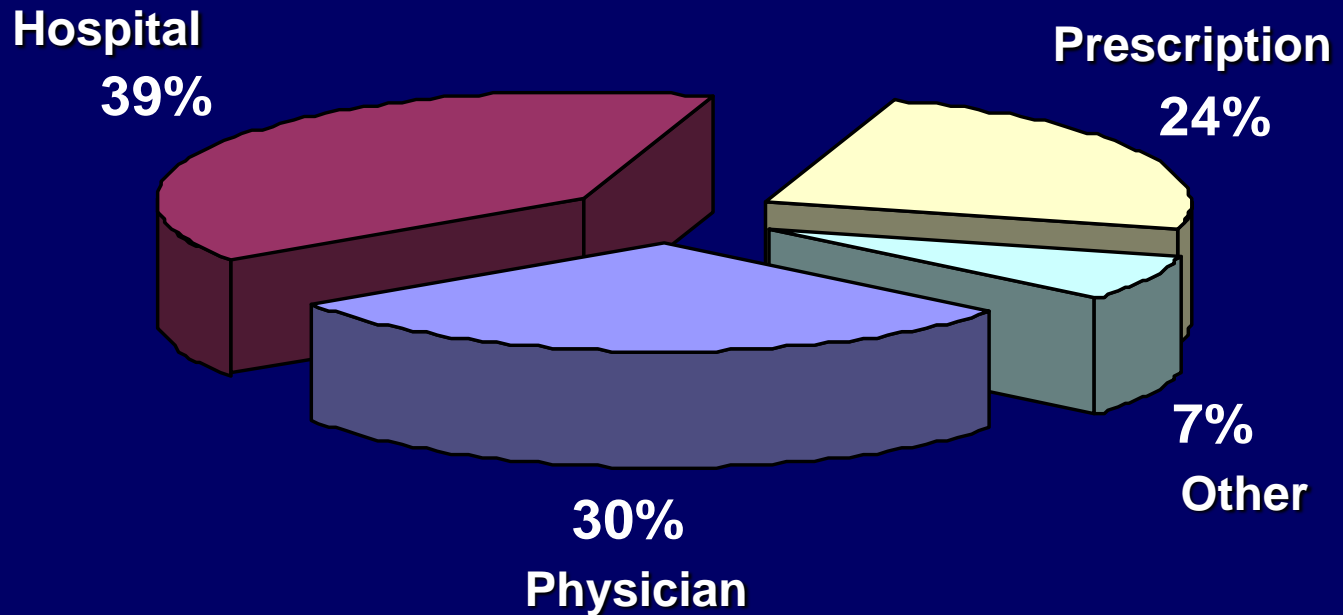
November 30, 2006



Department of Administration

IDAHO
adm.idaho.gov

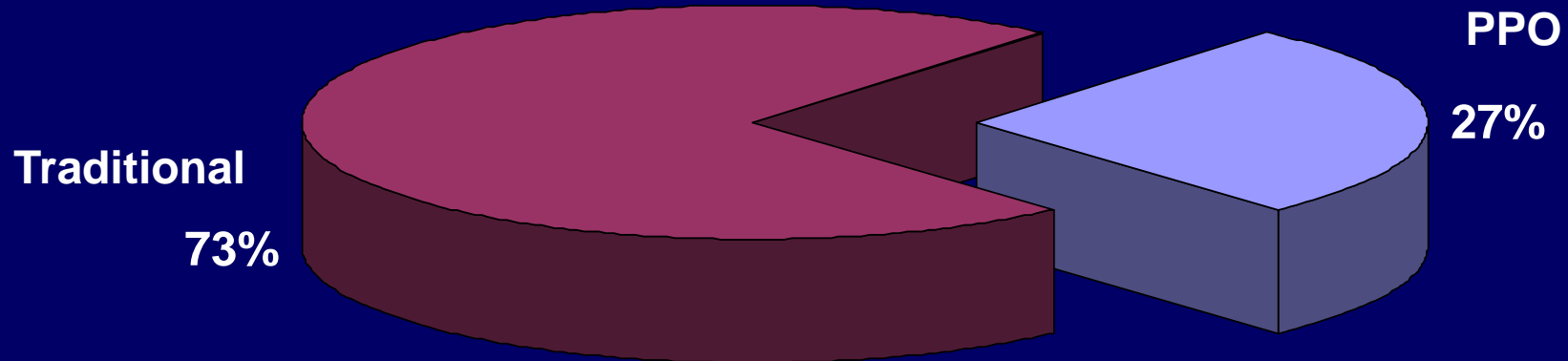
Active Plan Claims Distribution FY 2006



FY 2007 Retiree Enrollment

Total Lives Covered: 4,695

November 30, 2006



Department of Administration

IDAHO
adm.idaho.gov

Retiree Claims Distribution

FY 2006

Prescription

46%

Other

12%

17%

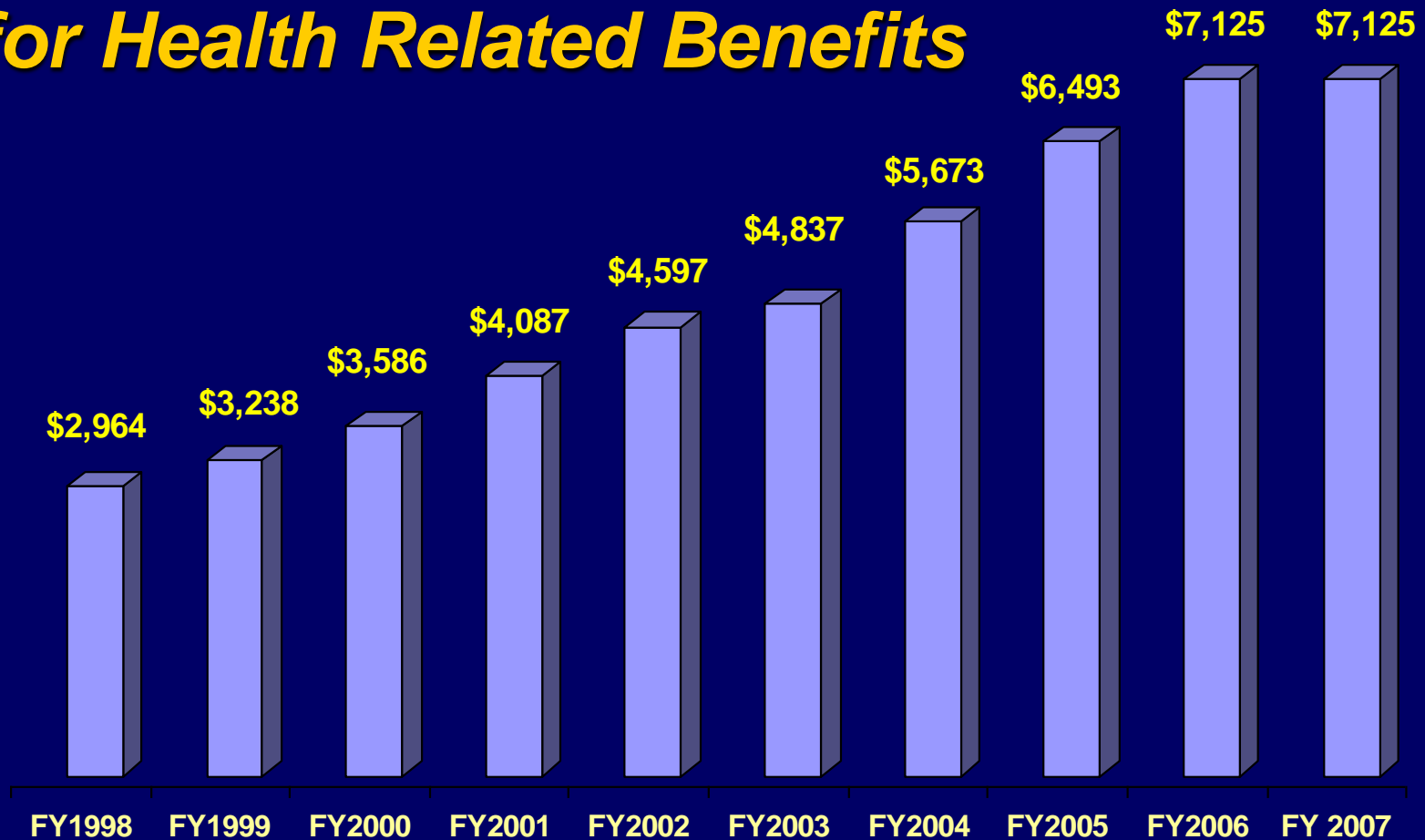
Physician

25%
Hospital

Department of Administration



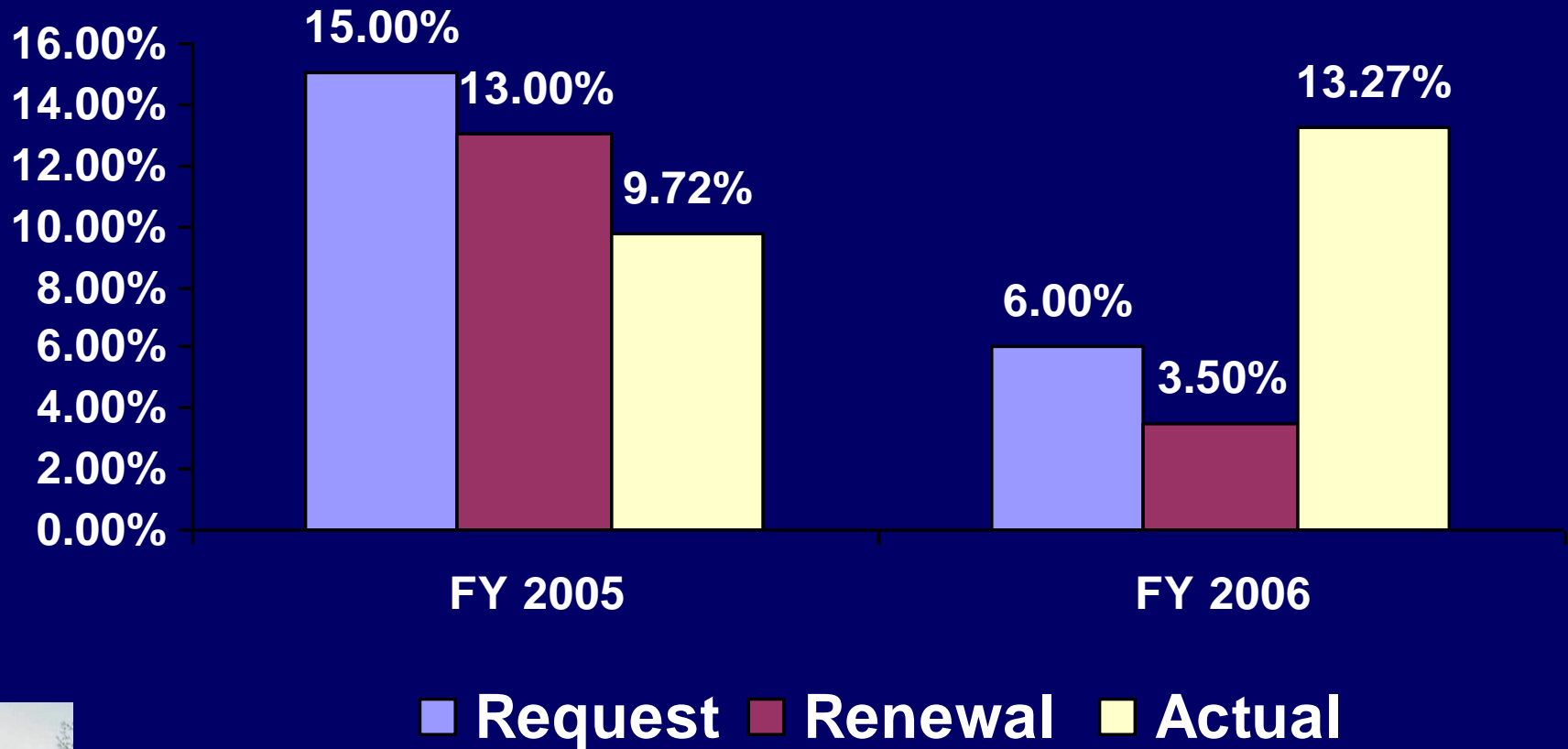
State Contributions for Health Related Benefits



Department of Administration

IDAHO
adm.idaho.gov

Medical Renewal Summary



Department of Administration

Medical Plan Financial History

	FY 2005	FY 2006
Premiums	\$136,919,228	\$147,787,700
Premium Tax	(\$1,729,579)	(\$1,974,413)
Incurred Claims	(\$115,965,656)	(\$132,808,287)
Retention	<u>(\$5,684,857)</u>	<u>(\$6,667,131)</u>
Surplus/(Deficit)	\$13,539,136	\$6,337,869



FY 07 Benefit and Funding Changes

- **No Appropriation Increase for Benefits**
- **State Absorbed 100% of Premium Increase**
- **Premium Holiday for Actives and Retirees**
- **Eight Month Life/Disability Premium Holiday**
- **Mental Health Parity**



Three Year Comparison Through November

	FY 05	FY 06	FY 07
Premiums	\$56,801,583	\$60,617,628	\$62,590,385
Prem. Tax	(\$799,971)	(\$862,010)	(\$903,678)
Claims	(\$52,862,696)	(\$50,884,988)	(\$57,840,597)
Retention	(\$2,347,570)	(\$2,752,229)	(\$3,212,407)
Surp/(Def)	\$791,346	\$6,118,401	\$633,703



FY 2008 Budget Request

State Sponsored Employee Benefit Programs

	FY07	FY08
	Budget	Request
	<u>/ FTP/yr</u>	<u>/ FTP/yr</u>
Life & Disability	1.10% Sal.	1.10% Sal.
Medical	\$ 6,910	\$ 7,255
Dental	<u>\$ 215</u>	<u>\$ 220</u>
<i>TOTAL:</i>	<i>\$ 7,125</i>	<i>\$ 7,475</i>

(Difference = \$350 per FTP per Year or \$.17/hr)



Appropriation History Health and Dental

**FY07
Appropriation**

\$ 7,125

**FY08
Request**

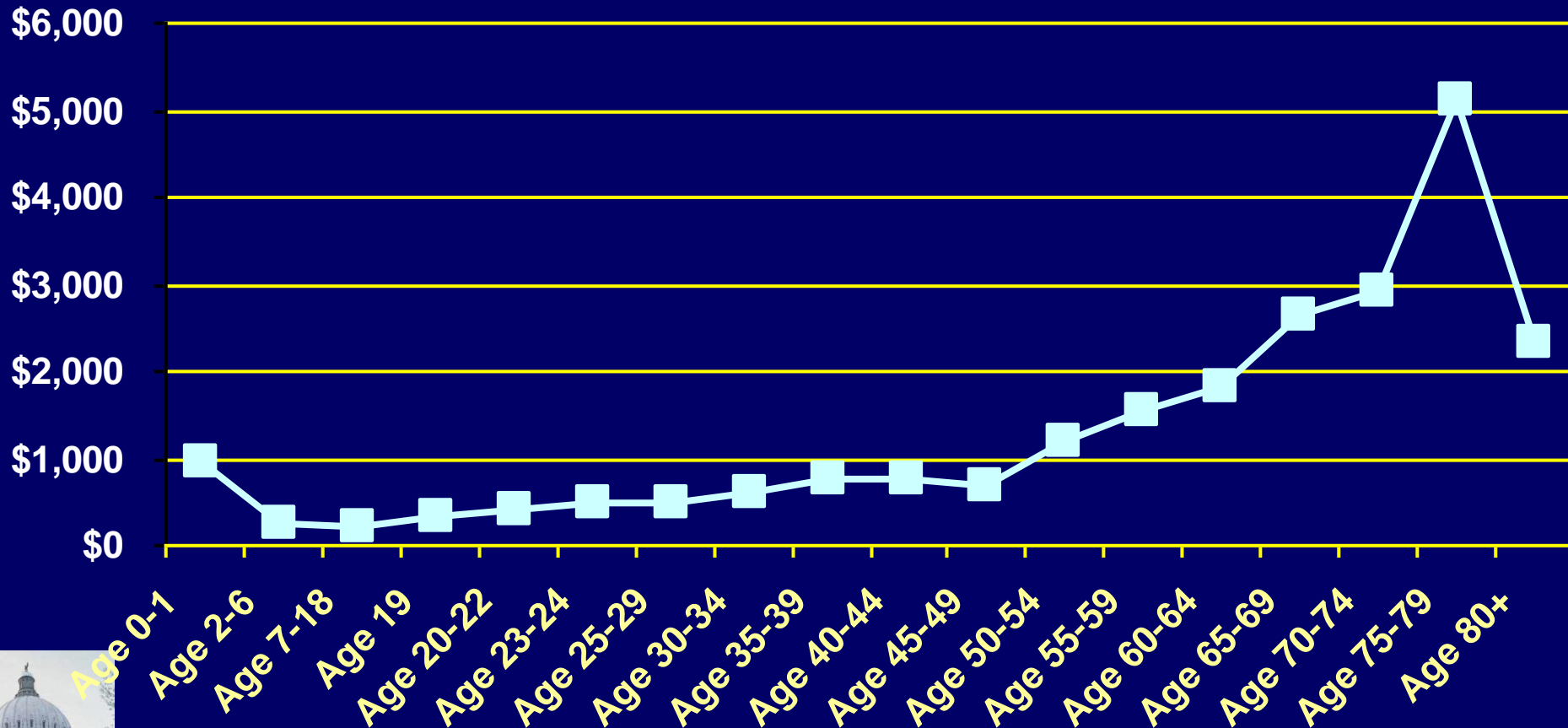
\$ 7,475

FY 2008 Request	\$350 Annually	\$.17/Hour
FY 2007 Increase	\$0	\$0
FY 2006 Increase:	\$632 Annually	\$.30/Hour
FY 2005 Increase:	\$820 Annually	\$.39/Hour
FY 2004 Increase:	\$836 Annually	\$.40/Hour



Per Capita Medical Costs

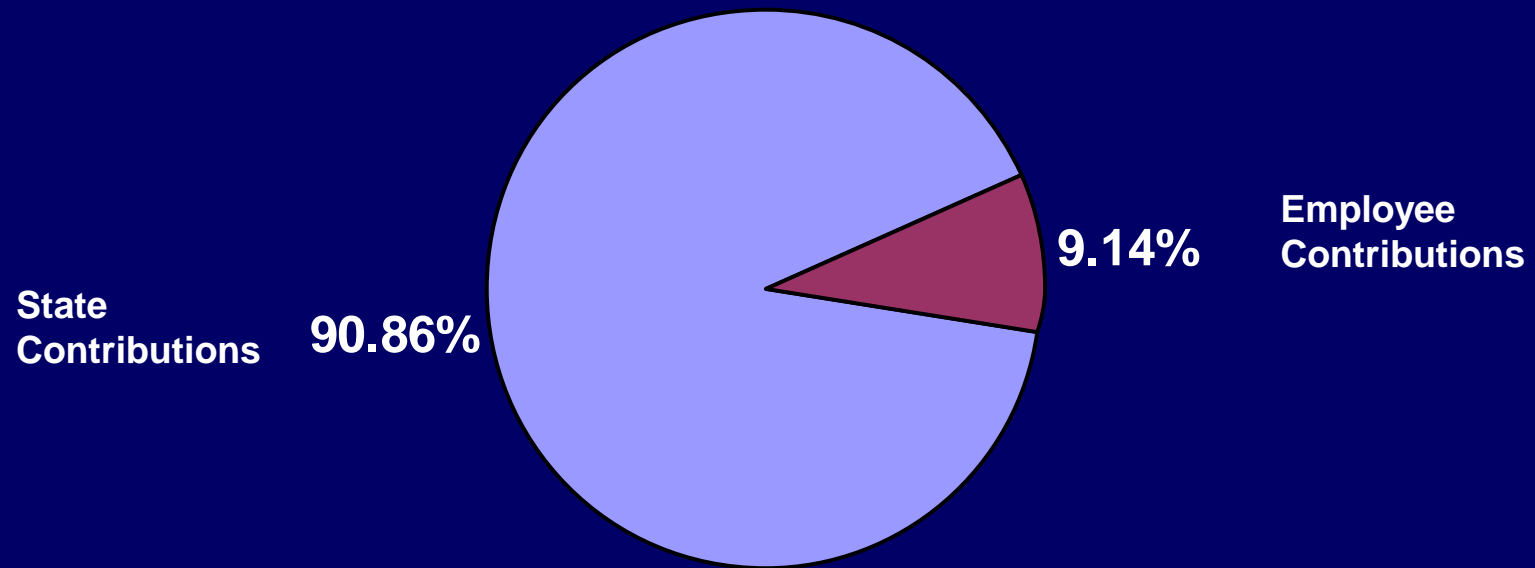
July 1, 2006 Through November 30, 2006



Department of Administration

IDAHO
adm.idaho.gov

Active Plan Premium Sharing Medical Plan



Employee Out of Pocket Expenses

	<u>FY 2006 Total</u>	<u>Cost/EE/Month</u>
Premium	\$11,805,400	\$53.47
Deductible	\$8,429,888	\$38.18
Co-Payment	\$11,043,800	\$50.02
Co-Insurance	<u>\$11,273,168</u>	<u>\$51.06</u>
TOTAL	\$42,552,256	\$192.73

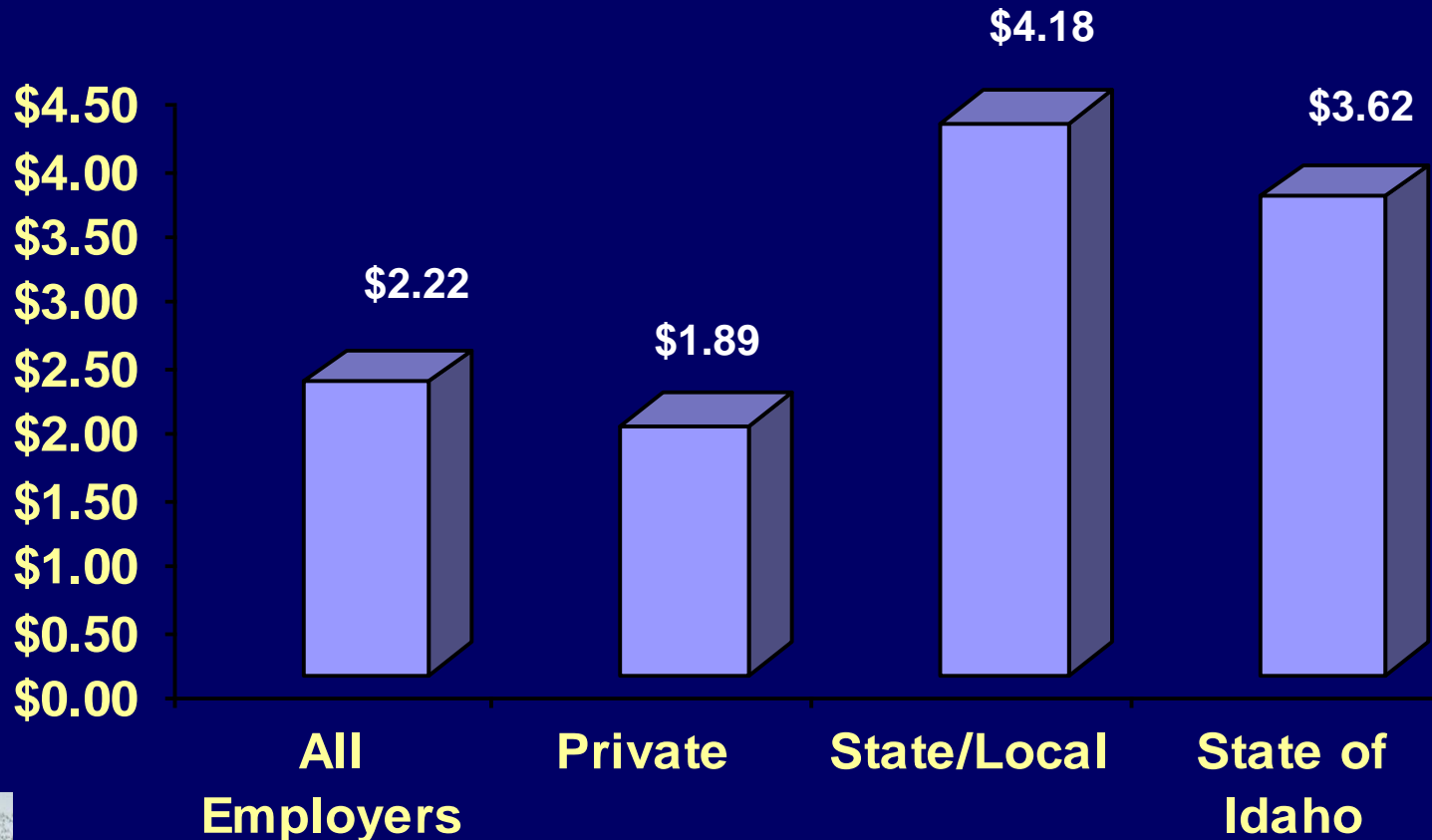
State Contribution

\$576.67/month

Department of Administration



Employer Hourly Insurance Costs



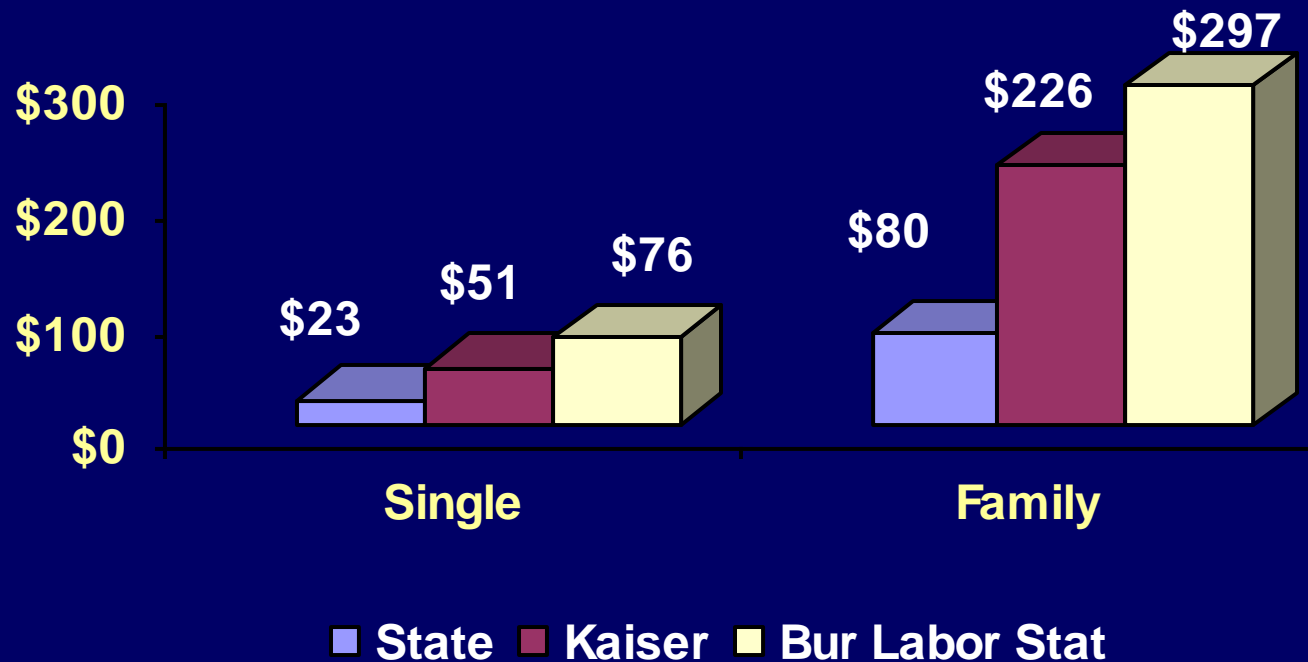
Source: Bureau of Labor Statistics September 2006 Survey



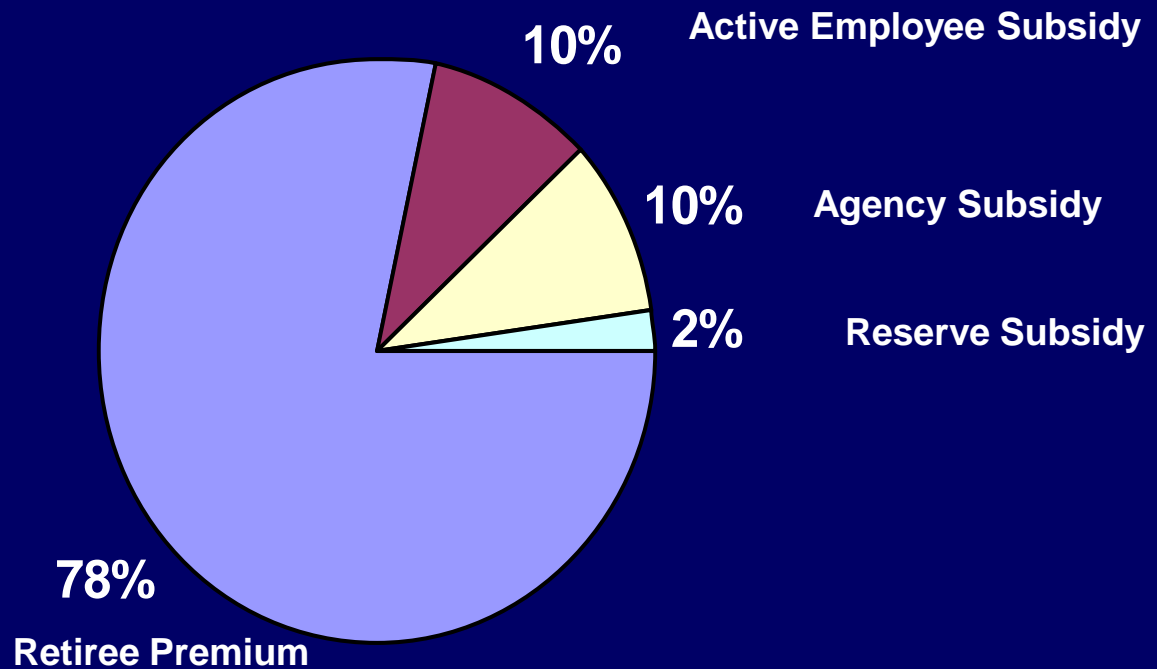
Department of Administration

IDAHO
adm.idaho.gov

Employee Premiums Comparison Kaiser Family Foundation Survey



Retiree Subsidy



22% Total Retiree Subsidy



Questions and Answers



Department of Administration

IDAHO
adm.idaho.gov